

Asian Paints

27 January 2026

Operator: Hello and good evening everyone. Thank you for joining us today for the Asian Paints Q3 and 9-month FY26 results call. I am Laksh Sharma from the Investor Relations team and it is my pleasure to welcome you all. We are today joined by senior members of our management team, including our MD and CEO, Mr. Amit Singhal, our CFO and Company Secretary, Mr. R. Jeyamurugan, and our AVP Finance, Mr. Parag Rane. I would now like to invite our MD and CEO to give his opening remarks. Over to you, sir.

Management: Good evening everyone. It is great to have you for the investor conference for the Q3 and 9-month FY26 results. Let me take you right into the area in terms of what we are going to speak about today. You are aware of our core value in terms of what we have been driving for a long time. This is about delivering joy since 1942. We exist to beautify, preserve, and transform all spaces and objects, bringing joy and happiness to the world. That is something which we really stand by. Here is the standard disclaimer.

As we start, I want to take you on the journey of what we have been driving this year very strongly. It is something very different, unique, and something which possibly no one in the industry is looking at in quite this way. The first area has been looking at how we can really propel the brand going forward because that gives us the equity in the market and power with the consumer. We have been working a lot on putting in newer initiatives.

The second area is innovations, which are the bedrocks of our strategy. We continuously dial this up because, as a leader, we feel this area will be disruptive and give us the required momentum and excitement in the market for all our stakeholders. The third area is services. Given the scale we are driving, we are possibly the only ones who have taken this entire area to a level where we are becoming truly consumer-centric and reaching our desired segments in a very strong fashion.

The fourth area is another "trump card" for us: regionalization. India is fairly diverse, and we cannot have one single strategy across the entire country. Therefore, at a regional level, we have looked at differentiating based on what is relevant for each specific market. Fifth is the B2B area, which is galloping at a good pace. We feel that government momentum in infrastructure and other areas is something we have taken on very strongly. We are focusing on government initiatives as well as private capex happening in the industry to give us strong gains.

The last area is backward integration. As you know, this is a journey we are on. We have started our white cement plant and are looking at the next level of backward integration starting in the coming year, which will provide us with significant advantages. These six big areas are very different, disruptive, and provide strong advantages as we go forward.

Regarding the brand, one of the highlights we are proud of is becoming the color partner for Team India. We felt this was a very strong partnership with the BCCI, giving us very strong visibility throughout the year in a sport as popular as cricket. We are also looking at many innovations for visibility during events, such as the "Color Countdown" and "Color Cam" to bring joy to the customer. We supported the women's cricket team when they won their tournament recently. The impetus is to leverage everything we have created around color. We started earlier with our "My Kind of Blue" (Mera Wala Blue) campaign and have taken a variant of it, "My Kind of Blue" (Meri Wali

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Blue), exploring that through full-page features for customers.

Furthermore, we participate in high-impact properties like KBC (Kaun Banega Crorepati). We appropriated the property for their 25th anniversary and created the "Wall of Legacy" for the celebrities on the show. To target younger audiences like Gen Z and Gen Alpha, we collaborated with Spotify to celebrate pop culture and relatability. We also integrated with the show Big Boss to reinforce color, innovation, and our presence in the home.

In terms of regionalization, we launched regional packaging that invoked the culture of specific regions, which became so popular that customers use the packaging as decor in their living rooms. This allows us to "own the home" and stay with the customer for a long time. Our new campaigns, like the one for our premium luxury exterior product, highlight "tough protection" from graphene.

Regarding services, our "Beautiful Home Painting Service" is possibly the largest in the world. We have amped up the service using AI as a force for hyper-segmentation of the customer and a seamless experience measured by an AI-led NPS (Net Promoter Score). We also started "Total Assure," a comprehensive service for large factories and projects that offers a supervision-led, seamless experience. Another variant is "Smart Assure" for waterproofing expertise. We also launched "Meta Care," a B2B asset management service for protecting factory assets, and we are proud to maintain factories for most of the larger players in the industry.

The B2B segment, including government projects, hospitality, and large infrastructure like airports and tunnels, is an area where we offer technical solutions with expertise and warranties. We launched a digital platform called "Assure" for B2B professionals, providing a unified platform with data-driven, customized solutions.

Coming to the Q3 results, we have been able to drive strong high-single-digit volume growth of 7.9%. If you look at the last three quarters, the trajectory has been strong and resilient, which we expect to maintain. In the decorative business, we had a compressed festive season. We only had about 15 days in October for the festive period because Diwali occurred earlier. We also had a prolonged monsoon that stepped into October. However, the exit months of November and December were good, helping us reach that 7.9% volume growth. Value growth was 2.8%, indicating a gap of approximately 5% between volume and value, which reflects a relatively strong mix.

On a 9-month basis, volume growth is 7.5% and value growth is 2.4%, a marked improvement over last year. However, the story is even better when looking at the entire coatings business (decorative plus industrial). The volume growth jumps to 8.3% and value growth jumps to 4.4%. On a 9-month frame, coatings volume growth is 7.7% and value is 3.5%. The industrial business has performed well and added acceleration to the overall coatings category.

Management: For us, despite the shorter festive period and prolonged monsoon, rural parts fared better than urban centers. Good rainfall has augured well and the mood has been positive. November and December trends clearly showed rural areas stepping ahead of urban centers. Our strong focus on premium and luxury categories is helping us improve margins and realizations.

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We have also continued to be a trailblazer in our waterproofing portfolio, cementing our leadership as the waterproofing expert in the market. Our distribution footprint continued to expand, as we opened between 3,500 and 4,000 retail points this year, bringing our total reach to more than 1.6 lakh retail outlets.

The B2B business performed better than the overall retail area, led by strong growth in factories and government projects. This trend of industrial and B2B growth has persisted for the last four quarters and should continue. Our Beautiful Home Painting Service is giving us an edge through better technology and AI-led outcomes.

New products now contribute to 16% of our overall revenue. For example, we launched "PU Gold," a first-of-its-kind premium polyurethane paint with anti-termite properties. We also launched "Aquador," a water-based glossy product, and a polyester paint in the value-for-money category.

We are pursuing a strategy of "surface decor to space decor" to "own the home." While growth has been somewhat limited in previous quarters, this category currently contributes about 4% to 4.5% of our overall business. We opened more stores, bringing our "Beautiful Home Stores" network to 74 stores nationwide. Top-line growth was healthy for our "White Teak" and "Weatherseal" brands, although the bottom line for White Teak was stretched. The bath segment remains weak, while the kitchen segment grew at 3% and improved its bottom line.

In our international business, we saw a 6.3% value growth this quarter. In constant currency terms, this is 4.2% given the depreciation of the Indian Rupee. Units in Sri Lanka, UAE, and Ethiopia saw very strong growth. Profit Before Tax (PBT) for the international business grew by 26% for the quarter. On a 9-month basis, value grew 8% and profitability remains very strong.

In the industrial segment, PPG-Asian Paints, our Joint Venture for auto and general industrial coatings, grew by 17% this quarter and 14% for the 9-month period. Its PBT margin hit an all-time high, expanding by 300 bps year-on-year. The general industrial segment, comprising protective, powder, and traffic paints, saw 16% value growth in Q3 and double-digit growth for the 9-month period.

The global paint market is experiencing some deflation as worldwide consumption is down. This has resulted in lower prices for raw materials like monomers and TiO₂. We saw a material deflation of -1.1%, which helped our gross margins.

Looking at the standalone financials for Q3, net sales growth was 2.9%. Volume growth was strong at almost 8%. We registered one of our highest gross margins at 44.9%, which is 200 bps higher than last year. PBT margin was 21.4%, up 100 bps year-on-year. PAT before exceptional items grew by 6.6%. On a 9-month basis, standalone net sales grew 2.3%, gross margin was 43.9%, and PBT margin was 19.8%.

At a consolidated level, top-line growth was 4% for the quarter. Gross margin hit an all-time high of 44.3%, up 200 bps. Consolidated PBT margins were 20.1%, up 90 bps. Nine-month consolidated top-line growth was 3.2% with a gross margin of 43.3%.

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There were two exceptional items this quarter. First was a 63.74 crore impact related to the upcoming labor code regarding gratuity and leave accumulation. Second, we had to take an impairment of 94 odd crores for Obgenix Software Private Limited (White Teak) following a poor performance in October.

Looking at the outlook for Q4, we want to maintain our growth momentum and are watching demand trends closely. We expect competitive intensity to remain high with new players and the amalgamation of two existing players. The industrial and B2B segments should continue to grow faster than retail.

International business indications are mostly positive, except for potentially Bangladesh due to upcoming elections. Geopolitical uncertainty and volatility will remain, but we are getting used to it and focusing on galvanizing our performance.

Regarding ESG, our 9-month performance has been very good in terms of fresh water usage, hazardous waste reduction, and Scope 1 and 2 emissions. We remain committed to recycled plastics and renewable electricity. We have already trained 67 lakh people in our skilling processes and are targeting another 9 lakh people this year. Our employee engagement scores remain healthy, indicating an inclusive environment.

Operator: Thank you very much, sir. Ladies and gentlemen, we will now open the call for the question and answer session. We will wait a few minutes for the queue to form. We request participants to limit themselves to two questions each. To ask a question, please raise your hand using the participant tab on the screen.

The first question is from Mr. Avnish Roy from Nuwama. I request you to kindly unmute and ask your question.

Avnish Roy – Nuwama: Yes, thanks. Two quick questions. First is on regional variance: out of the 28 states, how many have regional offerings? Do you see a proof of concept where growth is faster in such states? Second, regarding the real estate index, business updates suggest a big change in demand. It seems we are at the end of the real estate upcycle. I understand 15% of your India demand comes from new homes and 85% is repainting, but as a pan-India player, what is your take on the new home demand segment?

Management: Great questions, Avnish. Regarding regionalization, we have taken a very differentiated strategy. We now cater to about 8 to 9 states with specific products, ranging from economy emulsions to luxury emulsions and waterproofing variants. We are active in Jammu and Kashmir, Kerala, West Bengal, Karnataka, Haryana, and others. The proof of concept is clear: we see an acceleration in growth. These are differentiated offerings supported by local marketing. Dealers and consumers are excited; our research shows consumers are keeping these regional packs in their homes. We also offer regional color books based on popular local TV shows.

On the second point regarding the construction segment: across the country, luxury and premium housing are on an upswing. This reflects in the product mix, where growth in that specific segment is far higher than standard retail repainting. This is also fueling demand for waterproofing, repairs, and construction chemicals.

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Avnish Roy – Nuwama: My second question is on competition and advertising. Regarding the new player, we surprisingly saw a price hike while your own margins are at a multi-quarter high. What is your pricing strategy in the near term? Also, as the official paint partner for the Cricket World Cup in February, how will you manage your "Share of Voice" and what is the break-up between digital and traditional media spend?

Management: First, this price increase by others is an artificial strategy. Highlighting a price increase has no meaning when you are already operating at heavy discounts; it has no real impact. We are committed to our own strategy. As a leader, we command a certain premium and we are not tinkering with prices currently. We will review if inflation shows signs of volatility.

Regarding the upcoming cricket series, you will see a lot of innovation given our color partnership. Our digital spend has increased significantly because media is fragmented. We no longer look at TV as the only medium. We are leading in "Share of Voice" across the North, East, West, and Southern markets. We are putting significant marketing spend behind the brand geographically rather than focusing on specific regions.

Operator: Thank you very much, sir. The next question is from Mr. Manoj Menon from ICICI Securities. I request you to kindly unmute and ask your question.

Manoj Menon – ICICI Securities: Hi team. Your granular growth drivers have been impressive, but as a 50% market share leader, why is industry growth currently so muted? Over the last 20 years, we have seen a pattern of two good years followed by two muted years. By that logic, growth should have recovered this year. Why is industry growth not happening the way it should?

Management: Growth has periods of cyclicity. While the CAGR remains strong, we are seeing some changes in consumption trends. The frequency of painting has slowed down. Occasion-led painting has reduced; for example, more people are opting for destination weddings rather than home-based weddings, which leads to a postponement of painting. Since painting is a discretionary spend, people are currently investing more in travel and hospitality.

However, we do see industrial and B2B sales moving up into double digits. This indicates a shift in demand location. As interest rates potentially come down and people move their investments back into their homes, we hope the cycle returns to normal. You are right that the recovery has not happened as quickly as expected.

Manoj Menon – ICICI Securities: Just one quick follow-up. Looking at the next 12–18 months, what is your confidence level in ending that period with material market share gains?

Management: That is our primary endeavor. All our strategies—innovation, waterproofing, construction chemicals, and our B2B business—are geared toward growing faster than the market. We are reasonably confident in achieving that.

Operator: The next question is from Mr. Avi Mehta from Macquarie. I request Mr. Mehta to kindly unmute and ask his question.

Avi Mehta – Macquarie: Hi, sir. Could you give us a sense of the growth momentum in November and December specifically, versus the overall Q3?

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Management: October was definitely depressed for us because the festive season was only 15 days long and affected by a prolonged monsoon. Growth was much higher in November and December. In fact, the exit growth rates in December were even higher than what we saw in November. October had very little growth.

Avi Mehta – Macquarie: When do you see volume growth moving back to double digits? Is it a matter of months or quarters?

Management: This is the third quarter where we are seeing strong volume growth. Last quarter was double-digit; this quarter was high-single-digit. I see that regime continuing as we go forward into Q4.

Avi Mehta – Macquarie: On home decor, what are we doing to drive profitability? Are we in a consolidation phase where a focus on profitability might impact sales growth?

Management: The decor market is very fragmented and the organized portion is quite small. There will always be pricing pressure. We are maximizing sales through our "Beautiful Home Stores" where we can cross-sell between paints and space decor. We open new stores every year to increase coverage. We are spending sensibly, focusing on innovation and growing through our own store network.

Operator: We would now like Mr. Mihir Shah from Nomura to kindly unmute and ask his question, please.

Mihir Shah – Nomura: Hi Amit and team. Given that Q3 was impacted by the short festive season and monsoon, can we expect better volumes in coming quarters? How is January shaping up?

Management: We are seeing the trajectory from December carry into January. Given that Q2 was 10.9% and Q3 was high-single-digit, we expect to target a similar high-single-digit band for Q4.

Mihir Shah – Nomura: You are at the higher end of your margin guidance. With raw materials being deflationary, can margins sustain here? Is there a case for a price cut?

Management: The pricing environment is very volatile due to geopolitical situations affecting crude oil. We also have to watch the supply of TiO₂ from outside India. We want to spend constructively on brand building and services. We want to launch new products to create excitement. At the moment, we are not looking at price changes, but we will keep a close watch while focusing on premiumization.

Mihir Shah – Nomura: Could you update us on the "Neo Bharat" latex paints for the rural market? Are you gaining share from the unorganized segment?

Management: We are pursuing the "Neo Bharat" launch strongly. We have targeted specific states where the consumer profile suits this product—which is often sold in kilograms. We are seeing an uptick in those geographies as we upgrade unorganized customers to the organized market. We have not done a nationwide "mega launch" yet, but we are seeding it in focused states.

Operator: The next question is from Persi Panthaki from IIFL.

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Persi Panthaki – IIFL: Sales growth for the domestic business is about 3% on a base of -7%. Is the growth being constrained by competition or by overall industry weakness?

Management: If you look at the overall coatings growth, it is 4.4% in value and 8.5% in volume. Given current demand conditions, that is still a good growth rate and likely higher than the industry average. We are putting a lot of effort into B2B and industrial segments. I believe volume growth between 8% and 10% is strong under current circumstances.

Persi Panthaki – IIFL: The volume-value gap has been negative for years. Is there a chance this will bridge to zero, or will it remain at 3-4%?

Management: The gap has actually come down. It used to be 6-8%. The current gap is an indication of our premiumization efforts. However, because the economy segment and primers comprise a large part of the market, and we want to grow in those segments as well as luxury, some gap is bound to remain. A 4% to 5% gap is a realistic expectation if we want healthy growth across the entire range.

Persi Panthaki – IIFL: So we can expect about 5-6% value growth if volumes are around 10%? Regarding margins, you previously guided 18-20%. Will you maintain 20% or fluctuate within that band?

Management: That is a reasonable take on value growth. For margins, given the competitive intensity and our need to invest in branding and technology like AI, we will keep our guidance between 18% and 20% and endeavor to stay within it.

Operator: The next question is from Mr. Amit Sachdeva from UBS.

Amit Sachdeva – UBS: You previously mentioned an ambition for mid-single-digit revenue growth in the second half. Since Q3 was 3-4% consolidated, does this mean you expect a very strong volume push in Q4, or are you moving away from that guidance?

Management: I am maintaining that stance. A volume band of 8% to 10% is a good indicator. "Channel filling" is often artificial and doesn't help the following quarter. We take a balanced stance on how we channelize sales, though there is always a slight "hockey stick" effect at the end of every quarter.

Amit Sachdeva – UBS: Regarding the 5% value-volume gap, is this also a result of competitive signaling or you expecting competition to behave a certain way regarding pricing?

Management: The premium luxury market is only a specific portion of the total market. The upgradation and economy segments are massive. Because we want to grow across the board, including waterproofing and economy ranges, this gap will likely persist for some time. The market structure cannot change overnight.

Operator: We would now like to take the last question from Mr. Tejash Shah.

Tejash Shah: If we attribute this quarter's slowdown to the shorter Diwali window, did Q2 benefit from an early festive tailwind? If we look at the 9-month period to neutralize volatility, the industry

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still seems to be struggling. Are the "green shoots" still there?

Management: I don't think much will change in the immediate one or two quarters. Demand trends across retail, B2B, and industrial will likely stay in current zones. While demand has historically returned, we have to watch the environment carefully. Consumption patterns are changing and we are a discretionary category. We may need to wait another one or two quarters before seeing structural changes.

Tejash Shah: There seems to be a divergence: muted growth and high competition, yet your margins are at the high end. Does the industry believe passing on benefits to consumers won't revive demand, so it is better to invest in marketing instead?

Management: Competitive intensity remains very strong; I don't see any pullback there. Our margin strength comes from our cost model. We are not just relying on raw material deflation; we are attacking structural costs—both fixed and variable. Material innovation also builds a "war chest" that allows us to invest in marketing and technology while staying within our margin range.

Management: Thank you.

Operator: Thank you very much, sir. On behalf of Asian Paints Limited, this concludes today's conference. Thank you for joining us. You may now disconnect your lines. Thank you once again, everyone.

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